

WRITTEN MINISTERIAL STATEMENT

CABINET OFFICE

30/01/2014

Minister for the Cabinet Office, Francis Maude Markets in Government Services

Markets in Government Services

The Government is determined to ensure there is a vibrant, competitive and diverse supply base for public services, with a range of providers delivering high quality services.

Over the past few months Serco has engaged constructively with the Government following the emergence of material concerns relating to their contracts with the Ministry of Justice. Throughout this period the Government's approach has been rigorous, and on 19 December 2013 my Right Hon. Friend the Secretary of State for Justice announced a settlement with Serco to recompense the taxpayer for £68.5 million, excluding VAT, for the overcharging found in an audit of Ministry of Justice Contracts and to repay past profits of £2 million from the Prisoner Escorting contract.

Serco have now developed a thorough plan for corporate renewal. Following scrutiny by officials and a detailed review by the Oversight Group as well as our independent assurers, Grant Thornton, the Government has accepted this plan represents the right direction of travel to meet our expectations as a customer.

This does not affect any consideration by the Serious Fraud Office, which acts independently of Government, in relation to the material concerns previously identified.

However, the Government is reassured that Serco are committed to act expeditiously on any new information emerging from ongoing investigations.

The changes that Serco has already made and its commitment to go further over coming months are positive steps that the Government welcomes. However, Serco's corporate renewal is an ongoing process and the Government places a strong emphasis on the full and timely implementation of the agreed Corporate Renewal Plan. The Crown Representative, together with Grant Thornton, will continue to monitor progress as their plan is implemented, reporting to government on a regular basis. I hope this will enable our confidence to continue to build.